



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

***Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561***

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

May 21, 2007

EVENT: Guilty Verdict

Defendant: Dr. Zack Brown

**DETROIT DOCTOR AND BILLER CONVICTED
OF \$ 775,000 HEALTH CARE FRAUD SCHEME**

A Detroit doctor and his biller were found guilty today by a federal court jury on 80-counts of health care fraud, mail fraud and conspiracy to commit both crimes, United States Attorney Stephen J. Murphy announced.

Dr. Zack Brown, 61, and Davell Culberson, 68, were found guilty of conspiring to submit more than 19,000 phony claims to Blue Cross Blue Shield of Michigan ("BCBSM") in an effort to steal more than \$775,000 from the insurer.

The jury took just 55 minutes to deliberate before reaching its verdict, ending a nine-day trial.

"The jury saw through this scam in less than an hour of deliberation," Murphy said. "Unfortunately, when a doctor submits thousands of false claims to a health insurance company, it imposes terrible costs on the system, not only in paying fabricated medical bills for

non-existent treatment, but also in dealing with the mess the scheme has left behind. Health care fraud contributes to the growing problem of skyrocketing health costs that place an unfair burden on honest citizens and the companies they work for.”

U.S. District Judge Marianne Battani revoked Dr. Brown’s bond after he was found guilty on all 80 counts, and ordered him to be held in custody. The Court noted that Brown, who has two prior felony convictions, was “a danger to the community” in light of the dozens of individuals he recruited into the scheme. Culberson, the other defendant, was allowed to remain on bond.

Sentencing for both defendants was set for 2 p.m. September 6, 2007. Brown and Culberson face a maximum sentence of 20 years in prison on the mail fraud counts. During the government’s oral motion to revoke Brown’s bond, AUSA James Mitzelfeld said the government believed Brown was a possible flight risk because he faces a possible 15 years in prison under federal sentencing guidelines.

The convictions of Brown and Culberson followed a joint FBI, U.S. Health and Human Services, Office of the Inspector General (“HHS-OIG”) and BCBSM fraud investigation that has thus far resulted in the convictions of 12 co-defendants and pre-trial diversion and restitution agreements with more than 29 other co-conspirators.

Monday’s verdicts cap a seven-year investigation, which remains ongoing, that has resulted in more than 43 individuals being brought to justice who participated in the scheme.

“My office takes this seriously and will work diligently to prosecute all those involved in such schemes. It’s an extra cost of doing business this state can ill afford,” Murphy added.

The evidence at trial showed the scheme, master-minded by Zack Brown, cost BCBSM more than \$400,000 in losses and a likely greater amount of losses to Medicare. Jurors heard evidence that Brown ordered Culberson to submit phony claims for physical therapy and injections that 26 phony patients never received.

Brown and a group of eight recruiters convinced BCBSM subscribers that if they could

use their BCBSM cards, they would get to keep half of more than 500 checks, which averaged \$3,000 to \$8,000.

Murphy was joined in the announcement by Andrew G. Arena, FBI Special Agent in Charge, Lamont Pugh III, Special Agent in Charge, HHS-OIG, and Gregory W. Anderson, Vice President, Corporate and Financial Investigations, BCBSM.

“The jury convictions of Zack Brown, M.D., and his biller Davell Culberson are gratifying to BCBSM and its customers,” BCBSM’s Anderson said. “These individuals were responsible for submitting over \$1 million in false claims. This is money that could have been used to help provide coverage to those who are not in a position to afford quality health care.”

Thus far, BCBSM has recovered more than \$40,000 in restitution payments from the co-conspirators.

The evidence at trial showed Brown and his recruiters told BCBSM subscribers they could share in up to half of the amount the doctor falsely billed in their name if they would cash the checks they received from BCBSM and split the money with the doctor. Brown was not able to directly bill BCBSM because of questionable billing in the past. Once these "phony patients" signed up, Brown paid Culberson \$300 a day in cash to submit claims for anywhere from 100 to 4,700 phony physical therapy services for each patient during the previous year, generating checks from BCBSM of between \$2,000 and \$13,000 to the "phony patients" who then split the money with Brown.

Recruiters received from \$100 to \$300 each time they brought Brown cash from BCBSM subscribers they recruited. Most of those recruited to participate never met Brown and received no services. Two "phony patients" received checks totaling more than \$59,000 and were allowed to keep about half that amount. Many of the BCBSM checks were co-signed by recruiters or Brown and cashed at two or three party stores near Brown's office.

The case was tried by Assistant U.S. Attorneys James Mitzelfeld and Stephen L. Hiyama.

BCBSM urges anyone who is aware of health care fraud to call its toll free anti-fraud hotline at 1-800-482-3787.